

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--|---|-----------------|
| THE APPLICATION OF THE ATMOS ENERGY |) | |
| CORPORATION, THROUGH ITS DIVISION, |) | |
| WESTERN KENTUCKY GAS COMPANY OF OWENSBORO, |) | |
| KENTUCKY, FOR AN ORDER AUTHORIZING THE |) | |
| CREATION AND ISSUANCE OF ONE MILLION |) | CASE NO. 95-076 |
| SHARES OF ITS COMMON STOCK PURSUANT TO |) | |
| THE APPLICANT'S EMPLOYEE STOCK OWNERSHIP |) | |
| PLAN AND FIFTY THOUSAND SHARES OF ITS |) | |
| COMMON STOCK PURSUANT TO ITS OUTSIDE |) | |
| DIRECTORS' STOCK-FOR-FEE PLAN |) | |

O R D E R

On February 28, 1995, Western Kentucky Gas Company ("Western"), a division of Atmos Energy Corporation ("Atmos"), filed an application seeking authority to create, issue and sell a total of 1,050,000 shares of common stock, without par value pursuant to its Employee Stock Ownership Plan ("ESOP") and its Outside Directors' Stock-For-Fee Plan ("Outside Directors' Plan"). Western is subject to the jurisdiction of the Kentucky Public Service Commission ("Commission"); however, as a division of Atmos, it does not have a separate capital structure, and the securities are to be issued by Atmos subject to the approval of this Commission.

The ESOP stock will be issued and sold in monthly increments to satisfy the plan purchase levels until the proposed issuance is

exhausted. The ESOP is a continuation of the plan authorized in Case No. 90-314.¹

The Outside Directors' Plan, approved by shareholders February 8, 1995, provides non-employee directors of Atmos the option to receive all or part of their fees in Atmos common stock. The stock will be issued quarterly pursuant to the directors' election. The number of shares of common stock issued shall be equal to the amount of fees that would have been paid to a director during a quarter divided by the fair market value on the last day of such quarter.

The net proceeds from the sale of these securities will be expended for general corporate purposes or any other lawful purpose as stated in Western's application.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the creation, issuance, and sale of the above securities by Atmos are for lawful objects within the corporate purposes of Atmos' utility operations, are necessary and appropriate for and consistent with the proper performance of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

¹ Application of the Atmos Energy Corporation, Through its Division, Western Kentucky Gas Company, of Owensboro, Kentucky, for an Order Authorizing the Creation, Issuance and Sale of 458,062 Shares of its Common Stock, Order dated December 10, 1990.

IT IS THEREFORE ORDERED that:

1. Atmos be and it hereby is authorized to create and issue up to 1,000,000 shares of its common stock pursuant to its ESOP and 50,000 shares of its common stock pursuant to its Outside Directors' Plan according to the formulas set forth in the plans.

2. Western shall notify the Commission semi-annually of the number of shares issued and the proceeds under each plan. The first report shall cover the period from the date of this Order through June 30, 1995. Subsequent reports shall be filed every 6 months.

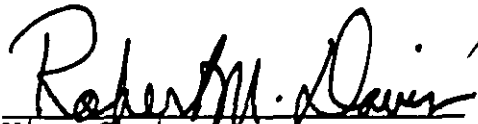
3. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

4. Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 28th day of April, 1995.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner